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C O N F I D E N T I A L SECTION 01 OF 02 TASHKENT 001678

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TAGS: [ECON](#) [EFIN](#) [ETRD](#) [WTRO](#) [ZK](#) [UZ](#)
SUBJECT: DEMARCHE DELIVERED: CENTRAL-ASIA TIFA COUNCIL
MEETING

REF: STATE 117583

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Classified By: CLASSIFIED BY ECON OFF B. OLSEN FOR REASONS 1.4 (B, D).

¶1. (U) This is an action request. Please see paragraphs 5 and 6.

¶2. (C) Summary: DCM delivered reftel demarche on September 14 to Uzbek Minister for Foreign Economic Relations, Elyor Ganiev. Ganiev found the Trade and Investment Framework Agreement (TIFA) meeting useful, saying he would like to see more US presentations at the 2008 meeting. The Government of Uzbekistan (GOU) is comfortable with the next meeting occurring in Turkmenistan or Tajikistan. He reiterated Uzbekistan's interest in U.S. investment, especially in light industry. The GOU does not intend to accede to Article 18 of the Berne Convention due to retroactive fines for non-compliance. All members of the Eurasian Economic Community (EurAsEC) have harmonized customs forms and duties. Ganiev said Kyrgyzstan, as a WTO member, is EurAsEC's weak link due to China's dominance of the Kyrgyz economy. The GOU is interested in being a regional conduit for fiber optic communications, but believes it is too early, as only Kazakhstan has similar capabilities. End summary.

¶3. (C) In a two-hour meeting, Minister Ganiev told the DCM the TIFA meeting increased mutual understanding of regional issues and problems of trade and investment. He especially appreciated the presentations by U.S. businesses. Ganiev reiterated Uzbekistan's desire to increase U.S. investment, especially in industrial sectors. He specifically mentioned textiles, food processing, light industry and energy infrastructure. (Note: The majority of natural resources are considered critical to national security and the GOU does not want foreign businesses directly involved in extractive industries. End note.) He said the next TIFA meeting should include more U.S. businesses and segments on textiles and food processing. The GOU is comfortable with either Turkmenistan or Tajikistan holding the 2008 TIFA meeting and any date is workable; Ganiev said these countries should share their meeting proposals with other TIFA members.

GOU frustrated with USG and Berne Convention

¶4. (C) Regarding Intellectual Property Rights (IPR) and the Berne Convention, Ganiev politely complained that for 10 years the U.S. has mentioned IPR protection in connection

with the Generalized System of Preferences (GSP). Every year, he said, the U.S. encourages the GOU to join a convention or agreement in order to avoid losing GSP privileges. Ganiev said the GOU was tired of hearing the U.S. push this issue and threaten to remove privileges, when each year they are given. He added that the GSP is "unimportant, it will be given or not given"; the impact of privileges is decreasing as Uzbekistan imports fewer US goods. The sticking point for not adopting Article 18 is the retroactive fines that, in Ganiev's opinion, would be assessed for Uzbekistan's many years of not protecting the works of deceased artists. Such a fine "is unacceptable", he said, as it would greatly exceed the value of GSP privileges; Uzbekistan should not be held responsible for the lack of IPR protection during the Soviet era.

Action Request

¶5. (SBU) Uzbekistan appears to be using a similar argument to Russia's when it adopted Article 18 with reservation. Post requests guidance (L and EB) on the application of retroactive fines from the adoption of Article 18. This seems to be the only barrier to Uzbekistan's full accession to the Berne Convention; if Uzbekistan can avoid retroactive fines, the GOU will likely adopt Article 18.

¶6. (SBU) Ganiev said Uzbek lawyers told him the U.S. has not joined Article 18 of the Berne Convention. Post requests the text of the U.S.'s adoption of the article and a brief history of the adoption, so that we may set the record straight with the GOU. POC is Econ Officer Briana Olsen.

EurAsEC Customs

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¶7. (C) In principle, said Ganiev, all EurAsEC members use customs forms that meet international standards set forth by the World Customs Organization. Therefore, no amendments on this topic are planned. Duty harmonization is increasingly complicated as EurAsEC members look towards WTO accession. Ganiev mentioned the case of Kyrgyzstan, whose domestic producers have been "killed" due to zero tariffs and China's large market share. EurAsEC fears Kyrgyzstan will become an unregulated conduit for goods to and from China should other EurAsEC members join WTO. Uzbekistan is playing the wait and see game before it chooses the WTO over EurAsEC. Ganiev said Afghanistan is welcome to harmonize its form with Uzbekistan's.

Fiber Optic Capabilities

¶8. (SBU) Ganiev reiterated the message he gave at TIFA: Uzbekistan's fiber optic network stretches to all its borders and has the capacity to act as a transit hub for a regional network. In his opinion, Uzbekistan is well-placed to connect China to Europe and Central Asia to Russia and Europe. He said that aside from Kazakhstan and Uzbekistan, South and Central Asian nations are not equipped with fiber optic networks. Without roads, there cannot be cables. Ganiev expressed concern that Afghanistan's ring road is taking a long time to build; Iran is very active in connecting to western Afghanistan, which is also the most convenient way for Uzbekistan to transport goods. The DCM asked Ganiev to share information on Uzbekistan's fiber optic network. Ganiev said the topic is moot in the region, as Turkmenistan, Tajikistan, Afghanistan and Kyrgyzstan are unconnected. He implied the Uzbeks would not be able to share such information. He added that Uzbekistan is interested in being the regional conduit for financial reasons.

NORLAND